

By: Isett

H.B. No. 954

A BILL TO BE ENTITLED

AN ACT

relating to providing a tax-exempt benefit plan to cover educational expenses to employees of state agencies.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 659, Government Code, is amended by adding Subchapter M to read as follows:

SUBCHAPTER M. ADDITIONAL BENEFITS

Sec. 659.351. EDUCATIONAL ASSISTANCE PLAN. (a) In this section:

(1) "Eligible higher education expenses" means the following expenses incurred by a person attending an accredited public or private institution of higher education or other accredited postsecondary educational institution, including a technical or vocational institution:

(A) tuition and fees charged by the institution;
and

(B) costs for books, supplies, and equipment required for a course of instruction at the institution.

(2) "State agency" has the meaning assigned by Section 659.101.

(b) Each state agency shall provide to its employees as an optional benefit the right to participate in a plan to allow the exclusion from the gross income for federal income tax purposes of a state agency employee the amounts paid through the plan to cover

1 eligible higher education expenses of the employee. To the extent
2 permitted under federal law, the plan must permit a participating
3 employee to include eligible higher education expenses of an
4 immediate family member of the employee in the plan. The plan may
5 be established as an educational assistance program under 26 U.S.C.
6 Section 127 or other applicable federal law.

7 (c) The state agency shall offer the plan in connection with
8 its employees health care plan or group insurance plan or as a
9 separate benefit, as determined by the Employees Retirement System
10 of Texas.

11 (d) An employee of a state agency may authorize in writing a
12 deduction each pay period from the employee's salary or wage
13 payment for coverage of the employee under the plan. Sections
14 659.104-659.109 apply to a deduction under this section.

15 SECTION 2. This Act takes effect September 1, 2003, except
16 that a state agency is not required to offer an educational
17 assistance plan to its employees under Section 659.351, Government
18 Code, as added by this Act, before January 1, 2004.